

Colorado Sales and Use Tax Simplification Task Force
July 27, 2022

Dear Chair Kipp and Task Force Members:

Thank you for your work on and consideration of issues concerning the simplification of local and state government tax administration. We are writing you today to express our support for the expansion of the Sales & Use Tax System (“SUTS”) portal to include local lodging and excise taxes.

The Expedia Group family of travel brands is proud to provide an integral service to travelers, our lodging partners, and hundreds of Colorado destinations. As an online travel agency, Expedia Group plays a key role in the state and local economies across the state by allowing travelers to research, plan and book reservations at lodging offerings ranging from large-scale hotel chains, to local B&Bs, to individual Colorado homeowners offering their homes for use as vacation rentals. We experience first-hand both the more streamlined state-level sales and use tax remittance system and the patchwork of disparate local lodging tax laws that have created substantial burdens, uncertainties, and material financial risks for Colorado’s lodging ecosystem. We are reaching out to share our experience and the practical impacts of this unnecessarily complicated structure in support of the important work the Task Force has undertaken.

In addition to Colorado sales tax obligations administered on SUTS portal, home rule cities across Colorado have passed “marketplace facilitator” laws that require Expedia Group platforms to collect and remit local lodging taxes on both hotel and short-term rental booking transactions facilitated through our sites directly to the cities. While marketplace facilitator requirements can significantly alleviate burdens on small businesses using e-commerce platforms and ensure state and local governments are efficiently receiving all applicable taxes to which they are entitled, unfortunately, simplified administration for the remote marketplace facilitator and standardization of the process are needed to ensure such requirements to not overly burden these taxpayers. The current patchwork throughout Colorado creates untenable uncertainty and complexity for both lodging operators and the platforms on which they offer accommodations.

Subsequent the U.S. Supreme Court’s decision in *South Dakota v. Wayfair*, marketplace facilitator requirements became common but far too often fail to address the complexities of lodging operators that have a physical location in a given city or town and the marketplace facilitators those local lodging operators use to market and book their properties. In Colorado especially, these burdens have been exacerbated by the recent wave of local excise taxes on short-term rentals. In jurisdictions with existing marketplace facilitator ordinances, these obligations require online travel agents like Expedia Group to collect and remit locally administered, short-term rental specific taxes in addition to existing sales and lodging taxes that apply to all lodging.



Expedia Group enthusiastically supports efforts to make local tax remittance uniform, simple, and efficient—not only for ourselves but for local lodging businesses of all sizes. In Colorado, this is a fundamentally business-critical issue. The sheer volume of local returns needed when marketplace facilitators are required to collect locally administered lodging taxes is creating an overwhelming burden on Expedia Group—and likely many other similarly situated businesses. While Expedia Group is in compliance with these many disparate local ordinances, state action is urgently needed to avoid a tipping point of operational burden—particularly in smaller localities where the cost of compliance may exceed a business’s revenue.

Luckily, Colorado is uniquely and advantageously positioned to reduce these burdens without decreasing state or local tax revenues. Because the SUTS portal is already in place for the remittance of sales and use taxes, a simple expansion of this program to accept local lodging and excise taxes would significantly alleviate the critical operational burden on businesses like Expedia Group, and establish long-term, sustainable compliance solutions for all of Colorado.

Thank you for your consideration of this information. Expedia Group would welcome the opportunity to serve as a resource to the Task Force and we look forward to assisting your efforts wherever possible.

Please do not hesitate to reach out at your convenience with any questions or if we can provide any additional information.

Respectfully,

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